

HIGHER EDUCATION WORK GROUP

November 12, 2008

10:00 AM – 12:00 PM

Capitol Annex, Room 171, Frankfort, KY

MINUTES

Work Group Members:

Present

Co-Chairs Mira Ball and Pete Mahurin

Joan Coleman

Gary Cox

Richard Crofts

Edward Cunningham

David Grissom

Secretary Larry Hayes

John Hicks

Representative Jeff Hoover

Alice Houston

Ronnie James (by telephone)

Robert Lekites

Auditor Crit Luallen

Secretary Jonathan Miller

Secretary Helen Mountjoy

Governor Paul Patton

Ben Richmond

Representative Carl Rollins

Senator Tim Shaughnessy

Steve St. Angelo

Absent

Jean Hale

Edward Holmes

Jim O'Brien

Vic Staffieri

Senator Ken Winters

Call to Order

Mira Ball, Co-Chair & Pete Mahurin, Co-Chair

The meeting was called to order at 10:00 am by Work Group Co-Chair Pete Mahurin.

Introduction of Work Group Members

The members introduced themselves to the Work Group and the audience. Mira Ball welcomed the members, and instructed them to sign up for one or both of the Work Group's subcommittees by the end of the meeting.

Higher Education Reform in Kentucky

Governor Paul Patton

Governor Patton spoke on recent reforms in higher education in Kentucky, specifically House Bill 1 (1997). House Bill 1 challenges the postsecondary education system to produce degrees of a quantity and quality that will lead Kentucky a quality of life comparable to the national average by the year 2020. House Bill 1 addressed the shortfalls in Kentucky's postsecondary education system, and provided a series of goals, a system of oversight, and measurements for accountability. Governor Patton thanked the legislature for their involvement in passing House Bill 1, and their continued involvement in reforming postsecondary education in Kentucky. He urged bipartisanship in working toward a better postsecondary education system, and

commends the legislature's commitment to higher education (illustrated by their continued support in funding the colleges and universities). The Governor believes that the six fundamental goals of House Bill 1 are still valid, and should not be changed. However, the Work Group might wish to look into the strategy by which we reach those goals.

College Affordability in Kentucky

Richard Crofts, Interim President, Council on Postsecondary Education

Dr. Crofts gave a Power Point presentation on the context and situation of higher education in Kentucky. In business terms, public postsecondary education is one of the largest, if not the largest, industry in Kentucky, with \$4.2 billion in total revenue generated, and 29,000 full-time faculty and staff. He pointed out that Kentucky is below the national average in terms of college-enrolled students and college graduates. Approximately 55% of Kentucky students do not borrow Federal loans,, but those who do graduate with an average of \$15-17,000 in debt. He also pointed out that the more educated a population is, the more money the population can make (including those without college degrees). An educated population is also healthier and less likely to go to prison. He noted that the most "dramatic" piece of information in his presentation was that a student with low academic scores and a high income is just as likely to go to college as a student with high academic scores and a low income. The financial aid system is convoluted and intimidating, especially for first generation college students. There is a lot of aid available, but no simple way to find it. Kentucky has continued to provide state funding for postsecondary education, but the funding ratio (state versus student share) has declined from 67% to 51% since FY98. Since 1999, funding for postsecondary education has increased by only 43%, while funding for other policy areas has increased as much as 72% and 87% (Justice and Public Safety and Medicaid benefits, respectively). Kentucky is no longer a low tuition state; it is now above regional and national averages for college tuition. Some potential strategic planning issues include creating a new road map to achieving the 2020 reform goals of House Bill 1; providing adequate, long-term, predictable state support; defining state versus student share of reform costs; developing a long-term tuition and financial aid strategy; building a stronger alignment of state appropriation, tuition, and financial aid; implementing a productivity agenda and accountability measurements; and establishing stronger links between funding and performance. Some potential affordability issues include addressing rising costs for students and institutions; increasing transparency and public awareness of costs associated with higher education; easing the transferability of credits; decreasing student debt; efficiently publicizing and utilizing federal, state, and institutional financial aid; increasing college savings; accelerating learning and credits-to-degree; and assessing developmental education. The full presentation is available online at the [Higher Education Work Group website](http://www.finance.ky.gov/hewgov) (www.finance.ky.gov/hewgov).

Overview: Purpose and Scope of Work; Subcommittee Structure; Timelines

Jonathan Miller, Secretary, Finance and Administration Cabinet

Larry Hayes, Secretary, Governor's Executive Cabinet

Secretary Miller recognized two "remarkable" events that took place this fall: the economic downturn that presents the Work Group with even tougher restrictions on resources available to help reform higher education in Kentucky, as well as the

extraordinary participation of young people in the presidential election. We have learned that we must provide these young people with the tools they need to become leaders in the 21st Century. Secretary Miller described the structure of the Work Group. It is made up of “four legs:” the Executive Branch (members of the Governor’s Cabinet and Auditor Luallen), the General Assembly (the four leaders – two from the House and two from the Senate – each appointed a representative to be a member of the Higher Education Work Group), the higher education community (Council on Postsecondary Education, Kentucky Higher Education Assistance Authority, along with the Presidents’ Advisory Committee and the Students’ Advisory Committee), and the business community (there has never been major reform without the support of the business community). The Work Group is dividing up into two subcommittees: the Affordability Subcommittee, chaired by Secretary Miller, and the Strategic Planning Subcommittee, chaired by Secretary Hayes. The Affordability Subcommittee will produce a report to the Governor by January 15, 2009, addressing the “lower-hanging fruit” issues regarding affordability in the context of a non-budgetary year. The Affordability Subcommittee will also help develop the long-term report with the Strategic Planning Subcommittee, due to the Governor September 1, 2009. The long-term report will assess the financial aid system, as well as the road map for achieving the 2020 goals of House Bill 1.

Secretary Hayes welcomed the members of the Work Group. The group has a difficult task ahead of it, but there are many resources available to help the Strategic Planning and Affordability Subcommittees in its research.

Kentucky Chamber of Commerce: *Task Force on Postsecondary Education Report* (Dec. 2007)

Representative of the Kentucky Chamber of Commerce

Bill Lear represented the Kentucky Chamber of Commerce. Mr. Lear was a member of the Chamber’s Higher Education Task Force in 2007, which produced a report addressing postsecondary education. Many of the Higher Education Work Group members also served on the Chamber’s Task Force. The Task Force assembled early in 2007, and delivered its final report in December 2007. They were assisted by the National Center for Higher Education Management Systems (NCHEMS) and Kentucky Higher Education Assistance Authority (KHEAA). The Task Force addressed the following questions:

- 1. Has Kentucky made progress in building the capacity of its postsecondary institutions and systems?** Yes. In the ten-year span after education reform was adopted, annual degree production increased, along with endowments, national grants, and research money and awards.
- 2. Has performance improved in terms of preparing students for postsecondary education, ensuring their success throughout the education pipeline?** “Kentucky continues to face considerable challenges here as its education pipeline continues to leak at every seam.” The Kentucky Education Reform Act (KERA) appropriately addressed issues the state faced in primary and secondary education, but there are transitional problems between the different levels of education (elementary to secondary to postsecondary).
- 3. Has postsecondary reform contributed to the goals of House Bill 1, and the ultimate goal of moving Kentucky’s educational attainment and per capita**

income closer to the national average? We have increased our per capita income, but so have other states. As a percentage of the national average, we have not improved.

4. **Are the goals of the 1997 reform still valid?** Yes.
5. **What are the barriers to progress?** Lack of alignment; inadequate policy coordination, discipline, and accountability; lack of force on CPE's part in effecting strategic change in the budgetary process; threats to affordability; difficulty in transfer of credits; low productivity.

The Task Force made twelve recommendations in their report that align with the above questions, including giving CPE more authority and addressing affordability. The Task Force created a model of affordability called the Guaranteed Affordability Program (G.A.P.), which includes a student's income, a family's income, loans, and the state's contribution.

Discussion

Mrs. Ball opened the floor for discussion among the Work Group members.

State Auditor Crit Luallen emphasized the importance of having a "champion" in the Governor for the higher education community. Luallen applauded Governor Beshear for his commitment to the subject, and thanked the members of the legislature (from both Parties) for being involved. She urged the Work Group to remember that House Bill 1 had a dramatic vision for substantive change. We have to reach out to those students that don't currently see college as an option, not just to those who are already there. The Work Group can't be "timid" about how it begins to face the challenges ahead, but it also can't be "complacent" about pieces of good news.

Pete Mahurin, one of the Work Group Co-Chairs, spoke about the need to address revenue for higher education, and the need to assess how we "price" college.

Senator Tim Shaughnessy encouraged the Work Group to have a business perspective. The success of the Work Group will be driven by the extent to which the business community embraces the project. The business community needs to help the Work Group see the issue from a business perspective. It is important to realize the link between affordability issues and the systematic challenges.

Joan Coleman also stressed the importance of partnerships throughout the process. This is a grassroots opportunity to help build community support for the higher education community. We have to work to get students through high school without dropping out just as much as we have to work on getting students through college.

Mr. Mahurin acknowledged a delicate balancing act between access and graduation rates.

Adjournment

Mrs. Ball and Mr. Mahurin thanked everyone for their time and commitment, and reminded the members to sign up for a subcommittee.

The meeting was adjourned at 11:54 am.